

## Instructions for Pro Forma Cost Sharing Agreements

**Purpose:** A departmental Pro Forma is to be used for cost settled agreements which purchase part or all of a Community Agency's program. The Provider completes the Pro Forma, subject to review by the Contract Administrator. All program revenue and expenses should be included in the budget and the Pro Forma. In order to complete this form, one needs to understand the terms of the negotiated agreement and the standard administrative requirements applicable to MAAP agreements. The Pro Forma is illustrative; settlement will be according to actual amounts and applicable circulars and rules. The following example follows the language contained in the MAAP rule.

	Example	Justification	Entry on Pro Forma		
			Revenue	Expense	Balance
<b>Part I: Agreement Totals</b>			+	+	\$0
All revenue and expenses should be reflected in the budget and the Pro Forma					
<b>Agreement Adjustments:</b>					
While not all inclusive, the following are among the most common examples of adjustments which could be made to revenues and expense amounts for cost sharing					
<b>A.</b> Eliminate negotiated agreement Pro Forma revenues and related expenditures.	Particular line items or expenses that the Contract Administrator doesn't want to reimburse.		-	-	\$0
<b>B.</b> Eliminate unallowable expenditures per applicable federal cost principles. Donations or other unrestricted revenue should be used for unallowables.	Bad debt, lobbying, bonuses, mileage in excess of the State rate. In the absence of contract provisions to the contrary, costs incurred for interest on borrowed capital are unallowable. Interest on debt incurred after 9/29/95 to acquire or replace capital assets is allowable.	Unallowable per A-122, A-87, or Chapter 50. Could be disallowed, or removed against specific revenue if stated in contract.	-	-	\$0

	DHHS allows interest on borrowed capital on or before 9/29/95 to be prorated and offset against DHHS agreement State revenue and other unrestricted non-Federal revenue. (Note: interest incurred for short term cash flow loans can be offset using non-State, non-Federal unrestricted revenue).				
<b>C.</b> Eliminate expenditures which are not in accordance with MAAP section .04 "Revisions of budgets and program plans".	Any budget category but especially Equipment. State budget category	If agency exceeds budget, excess is disallowed. If agency purchases equipment different from what is in agreement budget, entire amount is disallowed.	-	-	\$0
<b>D.</b> Eliminate In Kind revenue and expenditures.		In-kind is not a cash expense and should not participate in cost-sharing even if used for match.	-	-	\$0
<b>E.</b> Eliminate restricted revenue and related expenditures which purchases part of the total program.	All non-agreement state and federal government revenue (unless cost sharing is indicated by the revenue source), MaineCare and Medicare, Program Client fees, Restricted Client Rents, Sales of Product, Subrecipient agreements.	Restricted Donations are stipulated by donor. Subrecipient agreements should not be part of cost-sharing.	-	-	\$0
<b>F.</b> Include agreement available revenue (agreement award less revenue received).	If agency does not show the entire amount of the agreement on the SAO, it is added here.	Cost-sharing should be calculated using the entire amount of the agreement.	+	\$0	+

<b>G.</b> Include all “other available revenue” per MAAP section .04 which represents a commitment of funds by the agency to the program.	Unrestricted income (donations, agency share), match (cash or in-kind)	Actual amounts shown on the SAO are changed to the budget amounts. Agency has committed the budget amount.	+	+	\$0
<b>H.</b> Include prior year carry forward balances.	Federal funds only, as approved. State funds are not allowed to be carried forward.	Carry Forward approved for inclusion in current agreement.	-	-	\$0
Line 1 plus or minus all adjustments within Part I equals line 10 - the totals available for Part II cost sharing.					
<b>Part II: Agreement Cost Sharing</b>					
The Part I line 10 totals are posted to lines 11-14 and they represent the total allowable and allocable expenses which can be cost shared to the agreement. The total expenses on line 15 are allocated to the agreement based upon agreement available revenue to the total available revenue.	Unrestricted revenue (donations, agency share, municipal revenue unless restricted), Client Fees-Private, 3 <sup>rd</sup> Party Insurance Fees, Private Co-Pays, and Agreement Revenue	These are the remaining amounts from the SAO that should be included for cost-sharing.			

### **Note to adjustments**

The section at the bottom of the Pro Forma is for notes to adjustments. Whenever possible the use of explanatory notes to line adjustments is suggested, especially if revenue sources are combined, or portions of unrestricted revenue are used for unallowable expenses.

Any notes that can clarify adjustments are helpful. For example, in “E” above, the Pro Forma would show subrecipient agreements as being removed dollar-for-dollar, as it is based on a balanced budget. A note could be included here indicating that this adjustment should remove actual subrecipient agreement revenue against actual subrecipient agreement expense (but not greater than subcontract revenue), and any surplus should be collected from the subrecipient.

Fundraising revenue and expense should not be part of the budget; agencies should utilize a separate cost center. Any funds committed to the program as a result of fund raising should be entered into the budget.